

BUSINESS, TRANSPORTATION, AND HOUSING

The Business, Transportation and Housing Agency oversees programs that promote the state's business and economic climate, transportation infrastructure, affordable housing, and patients' rights. The Agency also promotes public safety through the Department of Motor Vehicles, the California Highway Patrol and the Department of Alcoholic Beverage Control. Funding for all programs exceeds \$19.6 billion, which is largely derived from special fund revenues, federal funds, and the proceeds of bonds.

DEPARTMENT OF TRANSPORTATION (CALTRANS)

The Budget includes approximately \$13.9 billion for the state's transportation programs. This is an increase of \$2.7 billion over funding available in 2006-07.

Included in this funding is \$1.5 billion for the State Transportation Improvement Program (STIP), \$2.5 billion for the State Highway Operations and Protection Program, \$929 million for the Traffic Congestion Relief Program (TCRP), \$2.1 billion for local streets and roads maintenance (including \$950 million reflected in the General Government portion of the Budget), and \$1.4 billion for transit projects. The Proposition 42 transfer also is fully funded at an estimated \$1.5 billion and \$182.7 million is included to pay outstanding loans from previous years.

TRANSPORTATION BOND FUNDING

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 authorizes \$19.925 billion over the next 10 years to fund existing and new statewide transportation-related infrastructure programs and projects. Legislation enacted together with the budget further defines how several of these programs will work and includes

accountability provisions. The Budget includes \$4.2 billion in 2007-08 as shown in Figure BTH-01.

Figure BTH-01
Proposition 1B Implementation
 (Dollars in Millions)

	2007-08
Corridor Mobility	\$608
Local Transit	\$600
State Transportation Improvement Program	\$727
Local Streets and Roads	\$950
State Highway Operation and Protection Program	\$403
Grade Separations	\$123
Highway 99	\$14
Local Seismic	\$14
Intercity Rail	\$188
School Bus Retrofit	\$193
Air Quality	\$250
Transit Security	\$101
Port Security	\$41
Total Appropriations	\$4,212

PROPOSITION 42

Proposition 42, enacted in March 2002, amended the State Constitution to transfer state sales taxes on gasoline, other than revenues calculated under the spillover formula, from the General Fund to transportation purposes beginning in 2003-04. The Budget reflects full Proposition 42 funding of \$1.5 billion, including \$703 million for STIP, \$602 million for TCRP, and \$176 million for the Public Transportation Account (PTA), as provided in existing law. In November 2006, Proposition 1A was enacted to limit the conditions under which Proposition 42 transfers can be suspended and require that all outstanding loans of Proposition 42 funds to the General Fund be repaid in annual increments by June 30, 2016. The Budget fully funds the 2007-08 \$83 million incremental repayment.

MASS TRANSPORTATION

The Budget provides funding for the following transit, rail and planning programs, as reflected in Figure BTH-02.

The Budget reflects the state’s major emphasis on infrastructure. The reduction in operating grants reflects several one-time components of funding in 2006-07, including repayment of Proposition 42 loans and a correction in 2007-08 for an overestimate of revenues allocated

Figure BTH-02
Public Transportation
 (Dollars in Millions)

	2007-08	Change Over 2006-07
<u>Public Transportation Account Funding</u>		
Planning	\$20	\$0
Intercity Rail Operations	\$111	\$9
Rail Projects	\$36	-\$5
Local Transit Grants	\$316	-\$307
Local Transit Projects	\$632	\$102
<u>Traffic Congestion Relief Program Funding</u>		
Local Mass Transportation Projects	\$548	\$235
State Rail Projects	\$51	-\$21
<u>Proposition 1B Funding</u>		
Transit	\$600	\$600
Rail	\$190	\$190
Transit Security	\$101	\$101
Total	\$2,605	\$904

to this program in 2006-07. Future year amounts for this program are estimated to increase significantly under the provisions of the transportation budget trailer bill.

The Public Transportation Account receives funds from sales tax on diesel fuel, a portion of the sales tax increase provided by Proposition 111, Proposition 42, and the “spillover” sales tax on gasoline. Spillover revenues occur when revenue derived from gasoline sales taxes is proportionately higher than revenue derived from all taxable sales pursuant to a statutory formula, and generally reflect higher gas prices. These revenues have been growing at an extremely rapid rate, from \$88.6 million in 2003-04 to \$827 million projected in 2007-08, and are expected to continue to grow to well over \$1 billion by 2010-11. These revenues, in addition to increases in gasoline and diesel fuel sales tax revenues, have enabled the state to fund the following transportation programs in 2007-08 that were previously funded by the General Fund:

Transportation General Obligation Bond Debt Service (\$948 million)

Developmental Services-Regional Center Transportation (\$129 million)

Home-to-School Transportation (\$99 million)

Proposition 42 Loan Repayment Pursuant to Proposition 1A (\$83 million)

BUSINESS, TRANSPORTATION, AND HOUSING

CAPITAL OUTLAY SUPPORT STAFFING

The Budget includes an increase of \$157.7 million and 527 position equivalents, including state staff, overtime and contractual services to provide capital outlay support including bond-related workload in 2007-08.

STATE HIGHWAY OPERATION AND PROTECTION PROGRAM

The Budget provides \$2.5 billion to fund projects in the State Highway Operation and Protection Program that reduce collisions and hazards to motorists, preserve and rehabilitate bridges and roadways, enhance and protect roadsides, and improve the operation of the state highway system. This is an increase of \$189 million over 2006-07.

MAINTENANCE

The Budget provides \$1.1 billion for maintenance of approximately 15,000 centerline miles of highway, over 230,000 right-of-way acres, and over 12,000 state highway bridges. This reflects an increase of \$162 million over 2006-07.

LOCAL STREETS AND ROADS

The Budget provides \$2.1 billion for local streets and roads maintenance, including \$950 million from bonds authorized by Proposition 1B, enacted in November 2006. This is an increase of \$533 million and 34 percent over 2006-07.

RAIL OPERATIONS

The Budget provides \$111 million to manage and coordinate intercity rail passenger services and local transit projects that provide commuters with a range of transportation options, help to improve the state's air quality, and reduce highway congestion and fuel consumption. Caltrans manages two state-supported routes operated by Amtrak, the San Joaquin and Pacific Surfliner, and financially supports the Capitol Corridor.

HIGH-SPEED RAIL AUTHORITY

The budget provides \$20 million to continue development of the high-speed rail project. Activities include completion of a more detailed and achievable financial plan, and completion of preliminary engineering and environmental studies.

CALIFORNIA HIGHWAY PATROL

The Budget includes \$1.8 billion and 11,214 positions for support of the CHP. This is an increase of \$231.5 million over 2006-07.

PATROL STAFFING EXPANSION

The Budget includes \$16.6 million to add 120 uniformed and 41 nonuniformed positions to address workload growth associated with population growth. The full-year cost for this staff increase is \$20 million.

CALIFORNIA GANG REDUCTION, INTERVENTION AND PREVENTION PROGRAM

The Budget includes \$7 million from the Motor Vehicle Account for the Highway Patrol to provide additional support to local police and sheriff agencies to suppress and prevent gang activities. CHP officers will rotate through 90 day deployments in High Intensity Gang Areas.

REPLACEMENT OF CHP RADIO SYSTEM

The Budget includes \$41.7 million to continue the replacement of the CHP's antiquated radio system. The project is estimated to cost \$481 million over five years to complete, and will substantially improve the CHP's ability to communicate with other state and local emergency personnel.

**DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT**

The Budget includes \$1.2 billion (\$15.8 million General Fund) and 599 positions to fund the state's housing assistance programs. This is an increase of \$690.9 million over 2006-07.

PROPOSITION 1C IMPLEMENTATION

The Housing and Emergency Shelter Trust Fund Act of 2006, enacted in November 2006, authorizes \$2.8 billion to improve housing opportunities in the state. The Department of Housing and Community Development awarded \$166 million for existing programs in 2006-07 and expects to make awards totaling \$808 million in 2007-08 for the following program areas:

- Affordable homeownership programs—\$88 million to help families become or remain homeowners.
- Affordable rental housing construction—\$140 million to provide affordable rental housing for the state's lower income workforce, the elderly, disabled, and veterans.
- Housing for farmworkers—\$40 million for new rental housing and affordable home ownership opportunities for farmworker families.

BUSINESS, TRANSPORTATION, AND HOUSING

- Permanent housing for the homeless—\$95 million to build permanent housing for the homeless, those transitioning out of homelessness, and emancipated foster care youth.
- Homeless shelter housing—\$10 million to construct and expand shelters of last resort and transitional housing for the homeless.
- Building Equity and Growth in Neighborhoods (BEGIN)—\$40 million for grants to cities and counties to make deferred-payment second mortgage loans to qualified buyers of new homes.
- Transit-oriented development—\$95 million to develop and construct new housing close to transit stations.
- Infill Incentive Grants—\$300 million for a competitive-based grant program to construct critical infrastructure that will stimulate the construction of new housing in existing neighborhoods and encourage efficient land use and development.

DEPARTMENT OF CORPORATIONS

The Budget provides \$4 million from the State Corporations Fund for 30 new positions at the Department of Corporations (DOC). The positions will address issues noted in a January 2007 audit of DOC operations conducted by the Bureau of State Audits. Among other things, the audit identified concerns regarding DOC's conduct of statutorily required licensee examinations, and handling of consumer complaints.

Of the 30 positions, 11 will relieve backlogs in the examination of escrow companies, four will be assigned to examine residential lending companies, and eight will conduct examinations of deferred deposit licensees. The remaining seven positions will be assigned to the Enforcement and Education Division, where they will respond to consumer inquiries and complaints.